

**Opening Statement**  
**Chairwoman Sue W. Kelly**  
**Subcommittee on Oversight and Investigations**  
**Committee on Financial Services**  
**“Preventing Identity Theft by Terrorists and Criminals”**  
**November 8, 2001**

We are here this morning to see how we can prevent the awful crime and terrible tragedy of identity theft by terrorists and criminals. Our special intention is to protect the families of the deceased from such theft and financial fraud at their most vulnerable moment, when they are grieving from the shock of their loss. Through the rapid transmittal of the information in the Death Master File from the Social Security Administration to the financial services industry, and the immediate use of that information by the industry, we can prevent these crimes and spare the families further pain.

James Jackson and Derek Cunningham stole hundreds of thousands of dollars in gems and watches from deceased executives of our major corporations before being caught by law enforcement. They stole the identity of the late CEO of Wendy's International within days after his death and were not arrested until about two months later.

In the past two months, we learned that identity theft could be a tool of the hijackers who murdered thousands of our fellow citizens, and of their accomplices as well. Last week, the Inspector General of the Social Security Administration testified that some of the 19 hijackers used phony Social Security numbers to perpetrate their murders.

And we know that Lofti Raissi, an Algerian held on suspicion that he trained 4 of the hijackers how to fly, used the Social Security number of a New Jersey woman who has been dead for **10 years!**

Even after these events, and after three of us serving on the Financial Services Committee requested SSA to ensure the rapid transmission of the Death Master File, we have received no commitment from SSA to take any specific action. The file is still physically shipped to an agency at the Commerce Department, where copies are made and physically shipped to subscribers. There has been no reduction for years in the time that it takes for SSA to officially notify the financial services industry of a death.

Identity theft is now part of the first war of the 21<sup>st</sup> century, but the federal government is still treating it in a 1960's way. That must end. That is why we asked the General Accounting Office to study the matter and report their findings to the Committee.

That is why we are so pleased that the Ways and Means Subcommittee on Social Security, chaired by my colleague, Rep. Clay Shaw, can join us in holding this joint hearing today. We need the Social Security Administration to take bold and immediate action to get the information to the financial services industry. We will hear from SSA, the Commerce Department, and the General Accounting Office, and we expect an innovative and effective solution.

We also need the financial services industry to ensure that the information is immediately integrated into databases and available for permanently deactivating Social Security numbers of the deceased. Moreover, with the passage of the U.S.A. PATRIOT Act, there will soon be Treasury Department regulations requiring them to verify the identification of new accountholders, and for customers to provide the identification requested by the companies.

We know that the SSA and financial institutions can meet this challenge. In the past three years they have already met two difficult challenges, the Y2K conversion and the aftermath of the terrorist attacks.

The SSA was a leader among government agencies in successfully avoiding the Y2K glitch, and financial institutions breezed through the turn of the millennium without a single major problem. As the Acting SSA Commissioner testified last week before Rep. Shaw's subcommittee, the SSA regional offices in New York and Pennsylvania reacted with fortitude and compassion to assist the victims and their families. And I want to thank the Social Security Administration for their wonderful assistance to New Yorkers, including those in my district. After the horrendous destruction in New York City interrupted the financial markets and killed many, financial institutions there and across the country picked themselves up, dusted off, and got back to work with amazing speed and grace, even while mourning their compatriots.

And all of them did all of that, the Y2K conversion and the recovery from the attacks, without any specific mandate in any federal law. Surely we can work together to meet this challenge before us now. I urge all parties to get together and, based on the GAO's findings, leapfrog over the antiquated system now used and stop identity theft of the deceased.

Rep. Shaw will chair the hearing for the first panel of witnesses, and I will chair the hearing for the second panel.